



MASSACHUSETTS MEDICAL SOCIETY

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30 December 2002

Honorable Mark C. Montigny
Honorable Nancy Flavin
Chairs
Advisory Committee
The Feasibility of Consolidated
Health Care Financing and Streamlined
Health Care Delivery in Massachusetts
State House
Boston, MA 02133

Dear Mr. Chairman and Madame Chairman:

Thank you for the opportunity to comment on the LECG report. The Medical Society shares your commitment to providing universal access to health care for the people of the Commonwealth and would like to offer the following for the record:

The Massachusetts Medical Society (MMS) supports the availability of a choice of health care financing mechanisms and supports wide choice of health care plans. MMS supports free market competition among all modes of health care delivery and financing with the growth of any one system determined by popular preference and not preferential regulation or subsidy. Lastly, MMS supports and advocates a health care financing system where individually purchased and owned health expense coverage is the preferred option, and where employer-provided coverage is still available to the extent the market demands it.

In order to accomplish this, there is a need for change in the manner in which the tax codes intersect with the purchase of health insurance. MMS expresses a preference for the replacement of the present exclusion from employees' taxable income of employer-provided health expense coverage with a tax credit for individuals and families. MMS also expresses a preference for relating the individual tax credit for all health expense coverage expenditures and/or their employers to the individual's income, rather than being a uniform percentage of such expenditures. This credit should be inversely proportional to income so that

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lower-income people get a larger tax credit and higher income people get a smaller one. The credit should be available in advance, even to those who pay no taxes, to provide for the purchase of health insurance. As noted above, MMS supports an individual's ability to select one's health insurance plan and to receive the same tax treatment for individually purchased coverage, for contributions toward employer-provided coverage, and for total employer-purchased coverage.

In considering the models put forth, it is important to note that the current state program has failed to adequately cover the cost of providing care to Medicaid recipients. This must be recognized in any consideration of the expansion of the program or creating a new governmental program. Additionally, the current Medicaid program continues to present an overwhelming administrative burden. Combined, these factors make it next to impossible to consider the Medicaid expansion model, especially as Massachusetts has begun to experience physician workforce shortages in several specialties.

Consideration must also be given to the current physician experience with the Medicare program. Medicare payment levels to physicians are scheduled to be further reduced by 4.4% at the end of February. By all accounts this is the result of a calculation error in the physician fee schedule. We have yet to see the political will to fix this agreed upon error.

The Medicare and Medicaid experience, combined with the current state response to the state budget crisis, erodes any confidence in a government financed and directed health plan. To that end, it would appear that the mandated basic benefit package model is most in alignment with MMS policy.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Charles Welch" followed by a stylized flourish.

Charles A. Welch M.D.

CAW/sm